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SIPDIS

SENSITIVE BUT UNCLASSIFIED
DEPARTMENT OF STATE FOR EUR/WE; EEB/IFD;
INFO: IO/USUN FOR AMB. WOLFF;
DEPARTMENT OF THE TREASURY TAX POLICY FOR JOHN HARRINGTON

E.O. 12958: N/A

TAGS: [EFIN](#) [PGOV](#) [SM](#) [IT](#)

SUBJECT: AMBASSADOR SEEKS UPDATE ON STATUS OF BILATERAL TAX
INFORMATION EXCHANGE AGREEMENT WITH REPUBLIC OF SAN MARINO

[1](#)1. See Action Request in paragraph 5.

[1](#)2. (SBU) Summary. During a bilateral discussion following his presentation of credentials, Ambassador David Thorne pledged his best efforts to meet the Republic of San Marino's request to conclude a Tax Information Exchange Agreement (TIEA) with the United States. Ambassador Thorne requests an update on status of request made to Treasury in September and a timeline for completing the agreement. End summary.

[1](#)3. (U) On December 4, newly sworn-in Ambassador David H. Thorne met with the Secretary of State for Foreign and Political Affairs, Antonella Mularoni, in San Marino. They discussed San Marino's recent steps to improve the transparency of its financial sector, which have been judged positively by international organizations such as the OECD, Moneyval, etc. San Marino has made a request to officials in the Department of State and Treasury to conclude a Tax Information Exchange Agreement with the U.S. similar to the ones recently signed with several countries, including many in Europe.

[1](#)4. (SBU) San Marino leadership views a TIEA with the United States as an essential element in its recent campaign to redeem the reputation of its financial sector, and counter negative media reports, especially from neighboring Italy, which continue to depict San Marino as a haven for tax evasion. The present Government, headed by Mularoni, has strengthened controls over the banking system, has fulfilled the requirements to join the OECD "White List" of countries that meet international financial standards, and has exited the pool of countries under review by the Financial Action Task Force (FATF) and International Cooperation Review Group (ICRG)

working groups. It has signed agreements for the exchange of financial information with a total of 14 countries, including Italy, France, and Belgium, and it is close to signing similar agreements with several more European countries, including Denmark, the Netherlands, Germany, Portugal, Spain, and Norway.

[1](#)5. (SBU) Comment and Action Request: Since its relations with the U.S. were upgraded to Ambassadorial level three years ago, San Marino has taken every opportunity to emphasize the importance it attaches to this relationship. San Marino's cooperation with the United States in many international organizations (including support for U.S. candidates for international offices) and in monitoring potential financial

transactions of terrorist organizations, continues to be excellent. Notwithstanding the last several months of uncertainty given the international financial crisis, the GRSM has worked diligently with international organizations to make its financial sector conform to international standards. Consequently, we request that Department work with the Treasury Department to complete the TIEA process with San Marino. The signing of such an agreement not only bears witness to bilateral solidarity, but would support the efforts of the San Marino government to implement its anti money-laundering laws. At the same time, it would provide a boost the government's efforts to address difficulties brought about by the international financial crisis, by strengthening its banking sector. End Comment and Action Request.

COUNTRYMAN